YOUNG CONAWAY STARGATT & TAYLOR, LLP

THE BRANDYWINE BUILDING
1000 WEST STREET, 17TH FLOOR
WILMINGTON, DELAWARE 19801

P.O. BOX 391
WILMINGTON, DELAWARE 19899-0391

KAREN L. PASCALE
DIRECT DIAL: (302) 571-5001
DIRECT FAX: (302) 576-3516
kpascale@ycst.com

(302) 571-6600
(302) 571-1253 FAX
(800) 253-2234 (DE ONLY)
www.youngconaway.com

April 10, 2007

BY E-FILING ***REDACTED – PUBLIC VERSION***

The Honorable Mary Pat Thynge
United States District Court
844 King Street
Wilmington, DE 19801

Re: *Honeywell International Inc., et al v. Apple Computer Inc., et al.*
C.A. Nos. 04-1337, -1338, and -1536-***

Dear Judge Thynge:

I write on behalf of Optrex America, Inc. ("Optrex") to seek an order compelling testimony from Honeywell International, Inc. and Honeywell Intellectual Properties, Inc. (collectively "Honeywell") specifically directed to Honeywell's assertion that its infringement investigation resulted in a 50 % tear-down "hit rate."

In a hearing before Judge Jordan on September 9, 2005, Honeywell's in-house counsel David Brafman stated:

> Your Honor, this is David Brafman from Honeywell. I'd just like to add one further point which is our tear-down rate, on average it's about 50 percent hit rate under our belief of infringement across all these products. So it's not a wild fishing expedition as it is made to sound. It is that we found products, a large percentage of them do hit and we just don't have access to the models that change every six months.

9/9/05 Tr. (Ex. 1) at 22-23; emphasis added.

By presenting its tear-down hit rate in open court to argue for broad discovery, Honeywell waived any alleged attorney-client privilege or work product protection that might have previously existed with respect to the tear-down hit rate. *See Helman v. Murry's Steaks, Inc.*, 728 F. Supp. 1099, 1103 (D. Del. 1990) ("The general rule is that **voluntary** disclosure of privileged attorney/client communication constitutes **waiver of the privilege** as to all other such communications on the same subject."). Similarly, disclosures of conclusions and summaries waive privilege. *See,* e.g., *Electro Scientific Industries, Inc. v. General Scanning, Inc.*, 175 F.R.D. 539, 543-44 (N.D. Cal. 1997); *United States ex rel Martin Marietta Corp.*, 886 F. Supp. 1243 (D. Md. 1995).

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Despite this waiver, Honeywell's counsel instructed two different witnesses not to answer any questions directed towards confirming or understanding the asserted hit rate. Brafman Depo. Tr. (Ex. 2) at 177-79; Wood (Honeywell's engineer in charge of the tear-down process) Depo. Tr. (Ex. 3) at 123-26. Honeywell placed the hit rate squarely in play and should not be permitted to use that hit rate as a sword and then be shielded from discovery regarding the hit rate. *See Tracinda Corp. v. DaimlerChrysler AG*, 362 F. Supp. 2d 487, 513 (D. Del. 2005) ("[I]t is unfair to allow a party to disclose only those facts beneficial to its case and refuse to disclose, on the grounds of **privilege,** related facts adverse to its position . . . .").

Honeywell's tear-down hit rate directly relates to at least three issues in the case. First, with regard to commercial success, the hit rate is evidence of Honeywell's inability to show the requisite nexus between the accused products' commercial success and the claimed invention. *See* Rovner 3/12/07 letter at 5-7 (D.I. 733). Here, 50% of the products selected by Honeywell (i.e., those Honeywell deemed not to infringe) owe their commercial success to features not covered by the '371 patent.

Second, testimony regarding the hit rate of Honeywell's teardown process relates to laches. Specifically, the hit rate goes to both the ease with which Honeywell could identify potentially infringing products and whether the allegedly infringing activity was of such an "open, notorious" nature that a reasonable patentee should have suspected infringement. *Wanlass v. General Elec. Co.*, 148 F.3d 1334, 1338 (Fed. Cir. 1998).

Finally, the hit rate and related testimony are relevant to the issue of non-infringing alternatives. One of the more important factors necessary to determining a reasonable royalty is the presence of non-infringing alternatives. *Zygo Corp. v. Wyko Corp.*, 79 F.3d 1563, 1571-72 (Fed. Cir. 1996). For example, if only half of the products Honeywell selected for tear-down based on their beneficial viewing characteristics actually contained the allegedly infringing backlight structures, then the other 50% of the products selected may provide evidence of acceptable non-infringing alternatives.

In conclusion, Honeywell waived any privilege or work product protection that might have existed when it voluntarily disclosed and relied on its tear-down hit rate. Accordingly, Optrex requests an order compelling discovery of Honeywell's asserted 50% hit rate.

Respectfully submitted,

Karen L. Pascale

Karen L. Pascale
Delaware Bar No. 2903

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cc: Dr. Peter T. Dalleo, Clerk (by hand)
CM/ECF list (by e-filing)
Thomas C. Grimm, Esquire (by hand)
Matthew L. Woods, Esquire (by e-mail)
Andrew M. Ollis, Esquire (by e-mail)

CERTIFICATE OF SERVICE

I, Karen L. Pascale, hereby certify that on April 17, 2007, I caused to be electronically filed a true and correct copy of the foregoing document with the Clerk of Court using CM/ECF which will send notification of such filing to the following counsel of record:

John R. Alison	john.alison@finnegan.com
Parker H. Bagley	pbagley@milbank.com
Robert J. Benson	rjbenson@hhlaw.com
Robert Karl Beste, III	rkb@skfdelaware.com, vkm@skfdelaware.com
Elizabeth L. Brann	elizabethbrann@paulhastings.com
Christopher E. Chalsen	cchalsen@milbank.com
Hua Chen	huachen@paulhastings.com
Arthur G. Connolly, III	aconnollyIII@cblh.com, dkt@cblh.com; telwell@cblh.com
Frederick L. Cottrell, III	cottrell@rlf.com
Francis DiGiovanni	fdigiovanni@cblh.com, dkt@cblh.com, ljarrell@cblh.com, rlitterst@cblh.com
Thomas M. Dunham	dunhamt@howrey.com
Kevin C. Ecker	kecker@stroock.com
Amy Elizabeth Evans	aevans@crosslaw.com
York M. Faulkner	york.faulkner@finnegan.com
Christopher J. Gaspar	cgaspar@milbank.com
Alexander E. Gasser	agasser@oblon.com
Anne Shea Gaza	gaza@rlf.com, innis@rlf.com
Maria Granovsky	mgranovsky@mnat.com
Alan M. Grimaldi	grimaldia@howrey.com
Thomas C. Grimm	tcgefiling@mnat.com

Thomas Lee Halkowski	halkowski@fr.com, dob@fr.com, jrm@fr.com, kxk@fr.com, sub@fr.com
Angie Hankins	ahankins@stroock.com
Richard L. Horwitz	rhorwitz@potteranderson.com, iplitigation@potteranderson.com, jsutton@potteranderson.com, mbaker@potteranderson.com, nmcmenamin@potteranderson.com
Dan C. Hu	hu@tphm.com, gyount@tphm.com; awoods@tphm.com
John T. Johnson	jjohnson@fr.com, lperez@fr.com; autuoro@fr.com
Robert J. Katzenstein	rjk@skfdelaware.com, eys@skfdelaware.com
Nelson M. Kee	keen@howrey.com
Richard D. Kelly	rkelly@oblon.com
Stephen S. Korniczky	stephenkorniczky@paulhastings.com
Gary William Lipkin	gwlipkin@duanemorris.com
Hamilton Loeb	hamiltonloeb@paulhastings.com
Robert L. Maier	Robert.Maier@BakerBotts.com
David J. Margules	(Terminated) dmargules@BMF-law.com, lheritage@bmf-law.com
David Ellis Moore	dmoore@potteranderson.com, ntarantino@potteranderson.com
Carolyn E. Morris	carolynmorris@paulhastings.com
Arthur I. Neustadt	aneustadt@oblon.com
Elizabeth A. Niemeyer	elizabeth.niemeyer@finnegan.com
Andrew M. Ollis	aollis@oblon.com
Adam Wyatt Poff	apoff@ycst.com, corporate@ycst.com; corpcal@ycst.com
Leslie A. Polizoti	lpolizoti@mnat.com
John F. Presper	jpresper@oblon.com
Alana A. Prills	alanaprills@paulhastings.com
Steven J Rizzi	steven.rizzi@weil.com

Lawrence Rosenthal	lrosenthal@stroock.com
Avelyn M. Ross	aross@velaw.com
Philip A. Rovner	provner@potteranderson.com, iplitigation@potteranderson.com, mstackel@potteranderson.com, mcmenamin@potteranderson.com
Diana M. Sangalli	dsangalli@tphm.com
Robert C. Scheinfeld	robert.scheinfeld@bakerbotts.com
Carl E. Schlier	cschlier@oblon.com
Chad Michael Shandler	shandler@rlf.com, pstewart@rlf.com
John W. Shaw	jshaw@ycst. com, corporate@ycst.com; ptorterotot@ycst.com; corpcal@ycst.com
Matthew W. Siegal	msiegal@stroock.com
Neil P. Sirota	neil.sirota@bakerbotts.com
Monte Terrell Squire	msquire@ycst.com, corpcal@ycst.com, corporate@ycst.com
William J. Wade	wade@rlf.com, casper@rlf.com
Roderick B. Williams	rickwilliams@velaw.com, smendoza@velaw.com
Edward R. Yoches	bob.yoches@finnegan.com
Steven J. Balick	sbalick@ashby-geddes.com, dfioravanti@ashby-geddes.com, dharker@ashby-geddes.com, jday@ashby-geddes.com, lmaguire@ashby-geddes.com, mkipp@ashby-geddes.com, nlopez@ashby-geddes.com, tlydon@ashby-geddes.com
William F. Taylor, Jr.	wtaylor@mccarter.com
John G. Day	jday@ashby-geddes.com, dfioravanti@ashby-geddes.com, dharker@ashby-geddes.com, lmaguire@ashby-geddes.com, mkipp@ashby-geddes.com, nlopez@ashby-geddes.com, sbalick@ashby-geddes.com, tlydon@ashby-geddes.com
Barry M. Graham	barry.graham@finnegan.com
Darren M. Jiron	darren.jiron@finnegan.com
William J. Marsden, Jr.	marsden@fr.com
Matt Neiderman	mneiderman@duanemorris.com

I further certify that on April 17, 2007, I caused a copy of the foregoing document to be served by e-mail on the below-listed counsel:

Thomas C. Grimm [tgrimm@mnat.com]
Leslie A. Polizoti [lpolizoti@ mnat.com]
MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 North Market Street
Wilmington, DE 19899-1347
Attorneys for Honeywell International Inc. and Honeywell Intellectual Properties Inc.

Steven J. Balick [sbalick@ashby-geddes.com]
John G. Day [jday@ashby-geddes.com]
ASHBY & GEDDES
222 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19899
Attorneys for Honeywell International Inc. and Honeywell Intellectual Properties Inc.

Martin R. Lueck [MRLueck@rkmc.com]
Matthew L. Woods [MLWoods@rkmc.com]
Jacob S. Zimmerman [JSZimmerman@rkmc.com]
Marta M. Chou [MMChou@rkmc.com]
ROBINS, KAPLAN, MILLER & CIRESI LLP
2800 LaSalle Plaza
800 LaSalle Avenue
Minneapolis, MN 55402-2015
Attorneys for Honeywell International Inc. and Honeywell Intellectual Properties Inc.

Alan E. McKenna [AEMckenna@rkmc.com]
Anthony A. Froio [AAFroio@rkmc.com]
Jeremy C. McDiarmid [JCMcDiarmid@rkmc.com]
ROBINS, KAPLAN, MILLER & CIRESI LLP
111 Huntington Avenue, Suite 1300
Boston, MA 02199-7610
Attorneys for Honeywell International Inc. and Honeywell Intellectual Properties Inc.

William J. Wade [wade@rlf.com]
RICHARDS, LAYTON & FINGER
One Rodney Square
P.O. Box 551
Wilmington, DE 19899
Attorneys for Arima Display Corporation

Philip A. Rovner [provner@potteranderson.com]
POTTER, ANDERSON & CORROON
6th Floor, Hercules Plaza
1313 N. Market Street
Wilmington, DE 19801
Attorneys for Fuji Photo Film Co. Ltd. and Fuji Photo Film U.S.A. Inc.

Richard L. Horwitz [rhorwitz@potteranderson.com]
David E. Moore [dmoore@potteranderson.com]
POTTER ANDERSON & CORROON
6th Floor, Hercules Plaza
1313 N. Market Street
P.O. Box. 951
Wilmington, DE 19801
Attorneys for Hitachi Displays, Ltd., Samsung SDI America, Inc., and Samsung SDI Co., Ltd., Wintek Corp., Wintek Electro-Optics Corporation

Gary W. Lipkin [GWLipkin@duanemorris.com]
DUANE MORRIS LLP
1100 North Market Street, Suite 1200
Wilmington, DE 19801-1246
Attorneys for InnoLux Display Corporation

Robert J. Katzenstein [rjk@skfdelaware.com]
Robert K. Beste, III [rkb@skfdelaware.com]
SMITH, KATZENSTEIN & FURLOW
800 Delaware Avenue
P.O. Box 410
Wilmington, DE 19899
Attorneys for Seiko Epson Corporation and Sanyo Epson Imaging Devices Corporation

David J. Margules [dmargules@bmf-law.com]
John M. Seaman [jseaman@bmf-law.com]
BOUCHARD MARGULES & FRIEDLANDER, P.A.
222 Delaware Avenue, Suite 1400
Wilmington, DE 19801
Attorneys for Citizen Watch Co., Ltd., and Citizen Displays Co., Ltd.

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ *Karen L. Pascale*

April 17, 2007

Karen L. Pascale (#2903) [kpascale@ycst.com]
The Brandywine Building
1000 West Street, 17th Floor
Wilmington, DE 19801
(302) 571-6600
Attorneys for Optrex America, Inc.